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EXAMINER

MOONEYHAM, JANICE A

ART UNIT	PAPER NUMBER
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3629

DATE MAILED: 09/10/2003

Please find below and/or attached an Office communication concerning this application or proceeding.

# Office Action Summary

Application No.

09/777,329

Applicant(s)

WHEELOCK, KENNETH S.

Examiner

Jan Mooneyham

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

## Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

## Status

- 1) ☒ Responsive to communication(s) filed on 26 June 2003.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

## Disposition of Claims

- 4) ☒ Claim(s) 1-28 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-28 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

## Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on \_\_\_\_\_ is: a) ☐ approved b) ☐ disapproved by the Examiner.
- If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

## Priority under 35 U.S.C. §§ 119 and 120

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
- a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

## Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449) Paper No(s) \_\_\_\_\_.
- 4) ☐ Interview Summary (PTO-413) Paper No(s). \_\_\_\_\_.
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: \_\_\_\_\_.

### DETAILED ACTION

This communication is in response to the applicant's communication filed on February 5, 2001 and the Request for Reconsideration filed on June 26, 2003. Claims 1-28 are currently pending in this application.

**NOTE: The examiner is considering the applicant's claims in view of the prior art as best as the examiner understands the claims notwithstanding the 101 rejection and the 112 rejection.**

The Examiner finds that because claim(s) 1-28 are replete with 35 U.S.C. 112 2<sup>nd</sup> paragraph indefiniteness rejections, it is difficult if not impossible to completely construe claim scope at this time. However, in accordance with MPEP §2173.06 and the USPTO's policy of providing art rejections even though the claim(s) contain 35 U.S.C. 112 2<sup>nd</sup> paragraph rejections, the claims are construed and the art is applied *as much as practically possible*. As noted below, Applicant(s) are invited to contact the Examiner if additional assistance is needed.

#### ***Claim Rejections - 35 USC § 112***

The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

1. Claims 1-28 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the enablement requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to enable one skilled in the art to which it pertains, or with which it is most nearly connected, to make and/or use the invention. The preamble to the claim

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reads as “a method of doing business comprising the transfer of goods from a licensor to a licensee.” Transferring goods is a physical act of moving goods from the possession of the licensor to the licensee. However, neither the specification nor the claims indicate how this physical transfer takes place. A license is an instrument whereby the rights are transferred. A license cannot physically transfer the goods.

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

2. Claims 1-28 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

It is unclear as to what the applicant actually claims as applicant's invention. Reading the applicant's claims as written, it appears that the applicant is claiming a method of doing business comprising the transfer of goods from a licensor to a licensee. Goods are not actually transferred by the license. The right or privilege to use the goods are transferred by a license. Therefore, if the applicant is actually trying to claim a transfer of goods, then the applicant has failed to provide the steps that carry out the transfer.

It appears that the applicant may be trying to claim the transfer of intellectual property rights to goods through a license.

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3. Claims 3-8,10,11,16, and 20-23 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

In particular, in claims 3-5, 7, 8, 10, 11,16 and 20-23, the phrase "may be" renders the claims indefinite because it is unclear whether the limitations following the phrase are part of the claimed invention. See MPEP § 2173.05(d). Appropriate correction is required.

### ***Claim Rejections - 35 USC § 101***

#### ***Response to Arguments***

4. The applicant has requested reconsideration and submitted arguments as to the 101 rejection.

Applicant's arguments filed June 26, 2003 have been fully considered but they are not persuasive for the following reasons.

The applicant identifies his invention as a method of doing business comprising the transfer of goods from a licensor to a licensee or a transferor to a transferee wherein the goods are transferred by the means of an instrument, namely, a contract, lease or license. The examiner rejected Claims 1-28 under 35 U.S.C. 101 which reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-28 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

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The basis of this rejection is set forth in a two-prong test of:

- (1) whether the invention is within the technological arts; and
- (2) whether the invention produces a useful, concrete, and tangible result.

For a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere ideas in the abstract (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, use, or advance the technological arts fail to promote the "progress of science and the useful arts" (i.e., the physical sciences as opposed to social sciences, for example) and therefore are found to be non-statutory subject matter. For a process claim to pass muster, the recited process must somehow apply, involve, use, or advance the technological arts.

In the present case, claims 1-28 only recite an abstract idea. The recited steps of transferring goods from a licensor to a licensee by means of a license having terms wherein the license reserves some or all of the intellectual property rights in the goods and the licensee is prohibited from using the goods to develop any new intellectual property does not apply, involve, use, or advance the technological arts since all of the recited steps can be performed in the mind of the user or by use of a pencil and paper. These steps only constitute an idea of how to license intellectual property with a reservation of rights.

The applicant has requested reconsideration and presented arguments against the rejection.

First, the applicant argues that "business methods generally are now patentable in the United States" and cites *State Street Bank and Trust Co. v. Signature Financial Group*, 149 F3d 1368, 1374-75, 47 USPQ2d 1596, 1602 (Fed. Cir. 1998), *cert. denied* 525 U.S. 1093 (1999) (hereinafter, referred to as *State Street*). However, *State Street* does not give one an automatic

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right to a patent in the area of business methods. State Street stands for the premise that a patent cannot be held invalid under 25 USC 101 pursuant to the so called "business method" exception to statutory subject matter, since business methods are subject to the same legal requirements for patentability as any other process or method. Moreover, the patent in State Street was directed to a data processing system (the system) for implementing an investment structure which was developed for use in Signature's business as an administration and accounting agent for mutual funds. State Street can be distinguished from the applicant's invention because applicant's invention does not recite any system, or any other technology.

State Street clearly sets out how we should analyze the application before us now. In State Street the court addressed the issue as follows:

Thus, claim 1, properly construed, claims a machine, namely, a data processing system for managing a financial services configuration of a portfolio established as a partnership, which machine is made up of, at the very least, the specific structures disclosed in the written description and corresponding to the means-plus-function elements (a)-(g) recited in the claim. A "machine" is proper statutory subject matter under Section 101. We note that, for the purposes of a Section 101 analysis, it is of little relevance whether claim 1 is directed to a "machine" or a "process," as long as it falls within at least one of the four enumerated categories of patentable subject matter, "machine" and "process" being such categories.

**This does not end our analysis, however, because the court concluded that the claimed subject matter fell into one of two alternative judicially-created exceptions to statutory subject matter. 1 The court refers to the first exception as the "mathematical algorithm" exception and the second exception as the "business method" exception. Section 101 reads:**

Since this application does not fall under the "mathematical algorithm" exception, we will look to see what the court in State Street has to say about the Business Method Exception. The court in State Street states as follows:

The Business Method Exception

As an alternative ground for invalidating the '056 patent under Section 101, the court relied on the judicially-created, so-called "business method" exception to statutory subject matter. We take this opportunity to lay this ill-conceived exception to rest. Since its inception, the "business method" exception has merely represented the application of some general, but no longer applicable legal principle, perhaps arising out of the "requirement for invention"--which was eliminated by Section 103. Since the 1952 Patent Act, business methods have been, and should have been, subject to the same legal requirements for patentability as applied to any other process or method.

The business method exception has never been invoked by this court, or the CCPA, to deem an invention unpatentable. Application of this particular exception has always been preceded by a ruling based on some clearer concept of Title 35 or, more commonly, application of the abstract idea exception based on finding a mathematical algorithm. Illustrative is the CCPA's analysis in *In re Howard*, 394 F.2d 869, 157 USPQ 615 (CCPA 1968), wherein the court affirmed the Board of Appeals' rejection of the claims for lack of novelty and found it unnecessary to reach the Board's section 101 ground that a method of doing business is "inherently unpatentable." *Id.* at 872, 157 USPQ at 617. Similarly, *In re Schrader*, 22 F.3d 290, 30 USPQ2d 1455 (Fed. Cir. 1994), while making reference to the business method exception, turned on the fact that the claims implicitly recited an abstract idea in the form of a mathematical algorithm and there was no "transformation or conversion of subject matter representative of or constituting physical activity or objects." 22 F.3d at 294, 30 USPQ2d at 1459 (emphasis omitted).

The applicant then cites *Diehr* (*Diamond v. Diehr*, 450 U.S. 175, 209 USPQ1 (1981)(hereinafter referred to as *Diehr*) and *Arrhythmia* (*Arrhythmia Research Technology Inc. v. Corazonix Corp.*, 958 F.2d 1053, 22 USPQ2d 1033 (Fed. Cir. 1992) stating that the use of an algorithm in a transformation constitutes patentable subject matter. However, a close reading of *Diehr* shows that *Diehr* goes much further than just this simple statement. *Diehr* was granted certiorari to determine whether a process for curing synthetic rubber which includes in several of its steps the use of a mathematical formula and a programmed digital computer is patentable. The Honorable Justice Rehnquist writing for the court in *Diehr* states:



We have before us today only the question of whether respondents' claims fall within the §101 categories of possibly patentable subject matter. We view respondents' claims as nothing more than a process for molding rubber products and not as an attempt to patent a mathematical formula. We recognize, of course, that when a claim recites a mathematical formula (or scientific principle or phenomenon of nature), an inquiry must be made into whether the claim is seeking patent protection for that formula in the abstract. A mathematical formula as such is not accorded the protection of our patent laws, *Gottschalk v. Benson*, supra, and this principle cannot be circumvented by attempting to limit the use of the formula to a particular technological environment. *Parker v. Flook*, supra. Similarly, insignificant post-solution activity will not transform an unpatentable principle into a patentable process. *Ibid.* 14 To hold otherwise would allow a competent draftsman to evade the recognized limitations on the type of subject matter eligible for patent protection. On the other hand, when a claim containing a mathematical formula implements or applies that formula in a structure or process which, when considered as a whole, is performing a function which the patent laws were designed to protect (e.g., transforming or reducing an article to a different state or thing), then the claim satisfies the requirements of §101. Because we do not view respondents' claims as an attempt to patent a mathematical formula, but rather to be drawn to an industrial process for the molding of rubber products, we affirm the judgment of the Court of Customs and Patent Appeals. 15

Therefore, according to *Diehr*, for the algorithm to constitute patentable subject matter under 101, the claim containing a mathematical formula must implement or apply that formula in a structure or process which, when considered as a whole, is performing a function which the patent laws were designed to protect (e.g., transforming or reducing an article to a different state or thing). It is only then that the claim satisfies the requirements of §101.

The applicant also cites *AT &T Corp. v. Excel Communication Inc.* 172 F3d 1352, 50 USPQ2 1447, (Fed. Cir. 1999) (hereinafter, referred to as *AT &T*) stating that *AT & T* stands for the premise that method claims are not to be treated differently from apparatus claims. While this is true, *AT&T* goes much further than that simple concept. In *AT & T*, Judge Plager wrote that:

The Supreme Court has construed §101 broadly, noting that Congress intended statutory subject matter to "include anything under the sun that is made by man." See

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Diamond v. Chakrabarty, 447 U.S. 303, 309 [206 USPQ 193] (1980) (quoting S. Rep. No. 82-1979, at 5 (1952); H.R. Rep. No. 82-1923, at 6 (1952)); see also Diamond v. Diehr, 450 U.S. 175, 182 [209 USPQ 1] (1981). Despite this seemingly limitless expanse, the Court has specifically identified three categories of unpatentable subject matter: "laws of nature, natural phenomena, and abstract ideas." See Diehr, 450 U.S. at 185. (Emphasis added.). In AT & T, we see a slight variation from the position in Warmerdam, but still a recognition that not everything is statutory subject matter. With this recognition that abstract ideas which have not been applied in some manner (to something tangible; within the technological arts; with a computer; in a memory device or medium) to realize a "useful, concrete, and tangible result" (citing State Street Bank & Trust Co. v. Signature Fin. Group, Inc., 149 F.3d 1368, 1374-75, 47 USPQ2d 1596, 1602 (Fed. Cir. 1998)), the Court in AT & T found that the claimed process, which the district court "recognized that the claims require the use of switches and computers" (AT & T 50 USPQ2d at 1449), was directed to statutory subject matter. The Court went on to find that it does not matter whether the claimed invention is directed to a process or machine and that the scope of 35 U.S.C. §101 is the same for either claimed invention (since both were disclosed). (AT & T 50 USPQ2d at 1451.)

In the *AT&T v. Excel Communications* the useful, concrete, and tangible results is the claimed step of "producing message record for long distance telephone calls, enhanced by addition of Primary Interexchange Carrier (PIC) indicator", the system performs different calculations and the result facilitates differential billing of calls made by the subscriber to long distance service carrier.

The definition of concrete is particular and specific, not general. In the present application, the disclosure is nothing more than generalities as transferring goods or transferring the rights in goods. However, the disclosure is short on specifics as to explicitly how the transferring is carried out and by what means.

Therefore, it is clear from the definition of "concrete" and the analysis of the disclosure and the claimed limitations of the present invention mentioned above that the disclosure of the present invention is nothing more than generalizations regarding the transfer of goods or the

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transfer of rights in goods, and it is short on any particular or specific direction or guidance in achieving the desired results and in providing a concrete result. Consequently, the claims are analyzed based upon the underlying process and thus rejected as being directed to a non-statutory process.

*In re Schrader*, 22 F.3d 290, 30 USPQ2d 1455 (Fed. Cir. 1994) describes how a method claim must recited an act:

The requirement that in a process claim compliance with Section 101 requires some kind of transformation or reduction of subject matter is not in violation of the Supreme Court's admonition in [*Diamond v. Diehr*, 450 U.S. 175, 192, 209 USPQ 1 (1981)] that courts should not read into the patent laws limitations and conditions which the legislature has not expressed. . . .

We first see the requirement reflected in an early case, *Cochrane v. Deener*, 94 U.S. 780, 787-788 (1877), in which the Court stated:

A process is . . . an act, or a series of acts, performed upon the subject matter to be transformed and reduced to a different state or thing. (Emphasis in *Schrader*). . .

Finally, we see it cited with approval in *Diehr*, 450 U.S. at 183-84. This basic requirement preceded and remains a part of the requirements incorporated in the 1952 Act. See *Astoria Federal Sav. and Loan Ass'n v. Solimino*, 111 S.Ct. 2166, 2169 (1991) (presumption that well-established common law principles are left unchanged by statutory enactment). *Schrader*, 30 USPQ2d at 1459-60 (internal citations and quotations omitted).

The applicant has traversed the examiner's 101 rejection with three arguments. First the applicant argues that the transfer of goods from a first party to a second party is a physical process, not an abstract idea. The examiner agrees that the physical transfer of goods is, in fact, not an abstract idea. However, the disclosure contains no support for how the goods are

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transferred. Goods are transferred when one hands a pencil over to another person. If the applicant argues that the goods are physically transferred by a legal instrument, then the applicant's arguments would be erroneous. A legal instrument transfers the right to use or possess the goods, but is not a means for a physical transfer. Furthermore, if the applicant is actually claiming an actual transfer of goods, applicant has failed to provide any enablement as to how the goods are to be transferred. The Examiner maintains the 101 rejection as an abstract idea that does not provide a practical application in the technological arts based on the fact that the examiner has interpreted the claims in light of the 112 2<sup>nd</sup> rejection above.

Regarding the applicant's second argument, that "because possession of the goods has been transferred from a first party to a second party, a legal right, possession, has transferred simultaneous with the physical transfer," the examiner disagrees with this argument, also. First, a reading of the specification and the claims would lead one to believe that the invention could better be described as the transfer of intellectual property rights in goods by means of an instrument, namely, a contract, license, or lease. Once again, as stated above, if the applicant is claiming a transfer of goods, the applicant has failed to specify how the goods are physically transferred. A legal instrument only transfers a bundle of rights in the goods. A legal instrument cannot physically transfer goods. Moreover, the argument that because possession of the goods is transferred from a first party to a second party, therefore, a legal right to possession is transferred simultaneously with the physical transfer is also erroneous. Possession can be transferred without rights traveling with the goods. For example, if I took your pencil without your permission, I would physically have your pencil, but I would not have rights to your pencil. The rights would be created by an agreement of some sort. Furthermore, because the rights

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come in a bundle, the physical transfer of goods does not transfer the whole bundle of rights.

There can always be a reservation of some or all of the rights in the first party.

The applicant's third argument is that legal rights are not abstract. Yes, legal rights are not abstract. But the question under 101 is whether the invention as a whole is a mere idea in the abstract and whether it involves the technological arts.

Contrary to applicant's argument, the examiner has considered the entire text of the claims and the 101 rejection was not made by considering only one clause of the claim.

As for the statement on page 4 that "perforce assumes patentable subject matter as a predicate," the examiner is not clear as to what the applicant is trying to convey. The applicant is advised that an explanation of this concept is required and legal authority must be presented for examiner's consideration.

The applicant arguments continue by stating that the "claimed process of transferring the goods changes the state of the goods from a first state when they are in possession of the first party, who holds all right, title and interest in and to the goods, to a different second state when they are in possession of the second party who holds all right with the exception of the intellectual property rights (title to part of the goods because title to the intellectual property rights remains with the first party) and a partial interest (again with the exception of the intellectual property interest) The examiner disagrees with this argument. First of all, the transferring of the goods does not fall with the "transformation and reduction of an article" to a different state or thing. The transfer of a pencil does not transform the state of the pencil. It remains a pencil, albeit, a pencil in the physical possession of someone else. The rights to the use and enjoyment and possession of the pencil may or may not have been transferred.

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The applicant argues that the examiner was incorrect to in stating that the “all of the recited steps can be performed in the mind of the user or by use of pencil and paper.” The applicant argues that this is an incorrect statement because (1 the claimed transfer of goods from one party to another is a physical process not a mental one and (2 the reservation of rights by means of an instrument which is a contract, license or lease involves a physical instrumentality or legal instrument. These arguments have been address above. If the applicant is claiming the transfer of goods, then the applicant has failed to provide enablement as to how the goods are transferred. However, if there is transfer of intellectual property rights in the goods, then this can be done by use of pencil and paper, as in a hand written instrument, or can be done in the minds of the parties, as in a verbal agreement.

In conclusion, the 101 rejection is maintained and continued for the following reasons.

The basis of this rejection is set forth in a two-prong test of:

- (1) whether the invention is within the technological arts; and
- (2) whether the invention produces a useful, concrete, and tangible result.

The answer to the first prong of the test as to whether the invention is within the technological arts is clearly no. The transfer of goods is not patentable and the applicant has provided no evidence that the transfer is any more than a mere manual transfer. The transfer of rights in the goods is not tied to any technological art. The abstract idea of transferring goods or transferring the rights to goods is not transformed into a patentable technological by the simple step of transferring.

For a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere ideas in the abstract (i.e., abstract idea, law of nature, natural

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phenomena) that do not apply, involve, use, or advance the technological arts fail to promote the "progress of science and the useful arts" (i.e., the physical sciences as opposed to social sciences, for example) and therefore are found to be non-statutory subject matter. For a process claim to pass muster, the recited process must somehow apply, involve, use, or advance the technological arts.

Claims 1-28 are rejected under 35 U.S.C. 101 as non-statutory. The method claims as presented do not claim a technological basis in the body of the claim. Without a claimed basis, the claim may be interpreted in an alternative as involving no more than a manipulation of an abstract idea and therefore non-statutory under 35 U.S.C. 101. In contrast, a method claim that includes in the body of the claim at least one structural / functional interrelationship which can only be computer implemented is considered to have a technological basis [See Ex parte Bowman, 61 USPQ2d 1669, 1671 (Bd. Pat. App. & Inter. 2001) - used only for content and reasoning since not precedential].

### ***Claim Rejections - 35 USC § 102***

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

5. Claims 1-28 are rejected under 35 U.S.C. 102(b) as being anticipated by Erbis and Maredia, Intellectual Property Rights in Agricultural Biotechnology (hereinafter referred to as Erbis).

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Erbisch discloses a method of doing business comprising the transfer of intellectual property rights in goods from a licensor to a licensee. Terms and conditions are inherent in any license (pages 31-47).

***Claim Rejections - 35 USC § 103***

**See MPEP §2112 expressly authorizing alternative §102/§103 rejections when the question of inherency is present in the anticipation rejection.**

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
  2. Ascertaining the differences between the prior art and the claims at issue.
  3. Resolving the level of ordinary skill in the pertinent art.
  4. Considering objective evidence present in the application indicating obviousness or nonobviousness.
6. Claims 1-28 are rejected under 35 U.S.C. 103(a) as being unpatentable over Erbisch and Maredia, Intellectual Property Rights in Agricultural Biotechnology (hereinafter referred to as Erbisch).



**Referring to Claims 1, 13, 25, 26, 27, 28:**

Claims 1, 13, 25, 26, 27, and 28 all read on a method of doing business comprising the transfer of goods from a licensor to a licensee or comprising the transfer of goods from a transferor to a transferee by a license in the area of intellectual property.

Erbisch discloses a method of doing business comprising the transfer of goods from a licensor to a licensee or a transferor to a transferee by a license having terms in the area of intellectual property. (see Transferring Intellectual Properties - pages 31-47. Erbisch also discloses the transfer of intellectual property rights which would include patents.

Erbisch does not disclose that the license reserves some or all of the intellectual property rights in the goods to the licensor wherein the licensee is prohibited from using the goods to develop any new intellectual property by the terms of the license are all terms and conditions that are set forth in a license, or that the goods are claimed in one patent or one or more patents, or wherein the license may be assigned, or may be assigned by the licensee to a first assignee, or whereby the license may be further assigned by the first assignee to a second assignee. However, the examiner takes Official Notice that terms and conditions are old and well known in all licenses. For example, the term of a lease (month to month) or the duration of the lease (six months, one year) or whether the lease provides for a sublease, or whether the lease or license provides for an assignment are all old and well known terms and conditions of a lease. It would have been obvious to one of ordinary skill in the art to draft a license as presented in claims 1, 13, 25, 26, 27, and 28 with any or all of the terms and conditions set forth in claims 2-12 and 14-24.

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The examiner also takes Official Notice that a lease is an exclusive license and both leases and licenses are contract instruments that convey the right to use or possess to another.

***Continuation in Part Application***

7. Applicant may wish to file a continuation in part (CIP). The Examiner has provided an excerpt from the MPEP for the applicant as to what a CIP can do for the applicant.

***MEPE 201.08 Continuation-in-Part Application***

A continuation-in-part is an application filed during the lifetime of an earlier nonprovisional application, repeating some substantial portion or all of the earlier nonprovisional application and adding matter not disclosed in the said earlier nonprovisional application. (In re Klein, 1930 C.D. 2, 393 O.G. 519 (Comm'r Pat. 1930)). The continuation-in-part application may only be filed under 37 CFR 1.53(b).

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***Conclusion***

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

Blacks Law Dictionary provides definitions of a lease and a license.

Cases and Materials on Patent Law – includes cases on property and contract interest in patents.

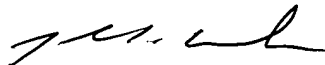
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Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jan Mooneyham whose telephone number is (703) 305-8554. The examiner can normally be reached on Monday through Thursday.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, John Weiss can be reached on (703) 308-2702. The fax phone number for the organization where this application or proceeding is assigned is (703) 872-9306.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-308-1113.

JAM



**JOHN G. WEISS  
SUPERVISORY PATENT EXAMINER  
TECHNOLOGY CENTER 3600**